

I want to begin by thanking Members for their bipartisan support of this legislation.

H.R. 6586 is a very simple bill. It extends for 2 years a commercial space transportation risk-sharing and liability regime that was established by Congress in 1988 with passage and enactment of the Commercial Space Launch Act Amendments. The structure of the liability regime is modeled on the Price-Anderson Act that governs risk-sharing for the nuclear power industry.

There are several features of the Commercial Space Launch Act Amendments, but one that is central to today's debate is indemnifying commercial launch and reentry operators against catastrophic losses suffered by the uninvolved public, or "third parties."

Since 1988, the Office of Commercial Space Transportation has licensed more than 200 commercial space launches and three reentries without any claims for Federal coverage for loss of life, serious injury, or significant property claims. The 1988 Act was driven in part by the emergence of foreign launch services companies that were made competitive through government subsidies and preferential foreign national laws, including indemnification.

Foreign launch companies continue to be formidable competitors. If this program were allowed to lapse, it would threaten our domestic market for launches, as the cost of insurance would significantly increase.

The Office of Commercial Space Transportation, as part of its licensing and permitting mission, administers financial responsibility and risk-sharing requirements for commercial launch and reentry operators. They calculate the required amount of financial responsibility based on the maximum probable loss of the license applicant's proposed launch or reentry. In the event there is a catastrophic accident, the operator's insurance coverage would be first in line. The government's liability would then cover excess claims above the insured amounts, but not to exceed \$2.7 billion. And I also want to note that to trigger Federal indemnification, the administration must submit a request to Congress for claims in excess of insurance coverage, and Congress must, in turn, pass a separate appropriation bill to fund the request. Responsibility for any claims above the Federal cap would revert to the launch or reentry operator.

The Space and Aeronautics Subcommittee held two hearings this Congress examining the activities of the Office of Commercial Space Transportation and the performance of its licensing and indemnification regime. Administration and industry witnesses provided compelling evidence that indemnification for third-party claims is needed to preserve the U.S. commercial launch market. I want to reiterate that the Federal Government's exposure is

only for third-party claims and only for amounts that exceed the maximum probable loss determined by the Office of Commercial Space Transportation.

Mr. Speaker, our commercial space launch industry needs this extension. While there are only a small number of commercial launches occurring today from domestic spaceports, this is about to change.

First, NASA relies on commercial providers to carry cargo, and eventually crew, to and from the international space station. SpaceX has already flown its first mission to ISS earlier this fall, and together with Orbital Sciences Corporation, these two companies are under contract to complete 20 cargo missions before the end of 2016.

Secondly, commercial manned spaceflights—orbital and suborbital—will require indemnification in order to launch from U.S. spaceports. While it's not clear when these types of services will begin, just like today's commercial communications satellite customers, launch customers will rely on an indemnification regime for third-party claims, or the business is at risk of going offshore.

I urge all Members to support this legislation, and I reserve the balance of my time.

Mr. COSTELLO. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 6586, to extend the application of certain space launch liability provisions through 2014.

First established by Congress as part of the Commercial Space Launch Act Amendments of 1988, the commercial space transportation risk-sharing liability and insurance regime is a vital program for the commercial space industry and has been extended five times since its original enactment.

The current extension expires on December 31 of this year, so it is important for Congress to act now so that there is sufficient time for this legislation to make its way to the President before the current authority expires.

Under the current three-tier regime, commercial space launch providers are required to purchase third-party liability insurance to compensate for maximum probable losses from third-party claims up to a level of \$500 million. For claims above those maximum probable losses, the U.S. Government may pay successful liability claims up to \$1.5 billion above that insured level subject to funds being appropriated by Congress for that purpose. Finally, for successful claims above the government indemnification, the launch providers assume responsibility for payment.

This risk-sharing regime has been vitally important for the development of a commercial space launch industry in the United States. Moreover, to date, the regime has not cost the U.S. Government a penny in third-party claims.

However, I would be remiss if I did not note some concerns about the program in its current form. Congress has

not updated the program since its inception in 1988. This has resulted in an increased liability exposure for the U.S. taxpayer, and that exposure grows every year. I am concerned that taxpayer liability exposure is growing at the same time the industry and its associated insurance market is maturing. One would tend to think that the opposite should be the case. I hope that we can begin to address these issues before the next extension is necessary in 2014.

I want to thank Chairman HALL and Subcommittee Chairman PALAZZO for working with us on this bill, and I reserve the balance of my time.

Mr. PALAZZO. Mr. Speaker, I yield 3 minutes to the gentleman from Texas, Chairman HALL of the Science, Space, and Technology Committee.

Mr. HALL. Mr. Speaker, I, of course, rise in support of H.R. 6586, to extend the application of certain space launch liability regimes.

Everybody is hoping that the House won't be divided, that we're all going to work together. This is a good chance to show them that we are all together on a good bill.

Commercial launch in the United States has a very enviable record. Our rockets are highly reliable, and SpaceX, which has flown two Falcon 9 rockets to the international space station and returned two payloads, is the first commercial company to successfully reenter payloads from space. And in the next 2 months, Orbital Sciences Corporation is scheduled to launch its new rocket that is designed to carry cargo to the space station.

No matter these successes, our industry faces serious pricing challenges from foreign operators. They are able to offer substantially cheaper launch costs because of industrial policy and less expensive labor costs. They also offer generous indemnification coverage. In a report released earlier this summer, the Government Accountability Office stated:

The United States provides less total third-party liability coverage than China, France, or Russia—the primary countries that have conducted commercial space launches in the last 5 years.

As Chairman Palazzo mentioned a few minutes ago, commercial launch activity in the United States is expected to pick up in the years to come: first through NASA's reliance on commercial launch companies to ferry cargo and astronauts to and from the international space station, and second, through the introduction of commercial human spaceflight services.

The bill before us would extend the indemnification regime for 2 years to December 31, 2014. It's important that we pass this bill to ensure that we do not jeopardize the ability of NASA to get cargo flights to the space station or inhibit our commercial launch operators' ability to compete for future payloads.

The Committee on Science, Space, and Technology will continue to monitor the activities of the Office of Commercial Space Transportation and the